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CHINA-US: Chinese officials are using diplomatic, press, and economic contacts to reassure Western governments, and especially the US, that the current political campaign in China will not be accompanied by a change in Peking's policy of detente with the West.

In addressing a banquet given on February 24 by visiting Zambian President Kaunda, Chou described the campaign as having limited objectives, defining it as "a continuation and deepening of the movement to criticize Lin Piao and rectify the style of work." He did not include foreign affairs as a component of the movement.

In his speech, Chou mentioned that "social imperialism" and "foreign diehards hostile to China" were attacking the campaign. His remark coincides with recent PRC complaints that reports on the campaign by the New York Times, the Toronto Globe and Mail, and other papers have erroneously portrayed the campaign as having xenophobic overtones and raised the possibility that Cultural Revolution-like chaos may occur.

Apparently to counteract such reporting, PRC newsmen in Hong Kong and diplomats in Europe and the US have sought to give reassurance that chaos is not imminent, that Premier Chou is not in trouble, and that Chinese foreign policy is not going to be affected by the campaign.

Chinese officials also have sought to dispel the idea that a chill may be developing in US-PRC relations. On February 21, Deputy Foreign Minister Chiao Kuan-hua told the West German ambassador in Peking that recent developments in China have not changed US-PRC relations and that Peking will continue to adhere to the policy outlined in the Shanghai communiqué. Recently, Chiao privately labeled as ridiculous any speculation that Ambassador Bruce's return to Washington and Huang Chen's prolonged stay in Peking indicate problems in Sino-US relations.

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To counter foreign press reports that businessmen have encountered difficulties in dealing with Chinese organizations, a China Resources Company official in Hong Kong two days ago assured US Consulate officers that the political campaign in China would not affect commercial relations. The Hong Kong office of the China Travel Service has informed the consulate that businessmen are traveling normally in China and that there has been no change in the processing of applications for foreign businessmen to enter the country.

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*ETHIOPIA: A revolt among armed forces enlisted men is gathering support among units stationed in Eritrea Province and may spread beyond. The dissidents' anger seems directed more at the government and top military leaders than at the Emperor, to whom they have pledged continuing loyalty.

Army and air force enlisted men, NCOs, and apparently some junior officers in Asmara went on strike yesterday morning over low pay and placed their senior officers under restraint by closing off the compound containing the officers' living quarters. The striking troops control most key points in Asmara, including the airport and radio station. The US consul reports there are indications that a tank unit, police, and other elements in Asmara have joined the dissidents.

The troops claim that their actions stem mainly from dissatisfaction over low pay and a lack of benefits. They are demanding a pay hike above the increase recently announced by Emperor Haile Selassie. There is no evidence at present that they are planning a direct military move against the regime. The dissidents have not attempted to take over the palace of the governor general, and there are no reports of violence.

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The course of events in Asmara will depend largely on how far the government in Addis Ababa is willing to go to meet the demands of the striking troops. The armed forces chief of staff plans to fly to Asmara Wednesday morning for talks with the dissidents.

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Dissatisfaction is rife within the armed forces, and the unrest could spread to units outside Eritrea. Addis Ababa is outwardly calm following violent demonstrations last week, but serious discontent continues within the military and among the general public.

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The army strike may increase pressure on Emperor Haile Selassie to replace the present Prime Minister and cabinet with a new government more committed to satisfying military salary demands and carrying out reforms for which other segments of the populace have been agitating.

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*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Bureau of Intelligence and Research, Department of State.

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ISRAEL: Prime Minister Meir may ask President Katzir today to allow her another day or two to form a cabinet. Katzir last week gave Mrs. Meir an informal extension of seven days to name a new cabinet, after her formal mandate expired on February 20. She apparently wants the additional time to coax Defense Minister Dayan, Transportation Minister Shimon Peres, and the National Religious Party into joining the new government. Mrs. Meir intends to present her cabinet to the Knesset for a vote of confidence on March 4.

The Prime Minister's hopes of convincing Dayan and Peres to change their minds were given a boost yesterday when the Alignment's Rafi faction, of which the two are leading members, urged both men to remain in the cabinet. The National Religious Party, meanwhile, is pondering another Alignment compromise offer on the religious issue. [REDACTED]

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*UN-IRAN-IRAQ: UN Security Council members are working to head off Iraq's threat to call a council meeting this afternoon if satisfactory progress is not made to resolve its complaint over the recent border clash with Iran.

The French president of the council has drafted a new, reasonably neutral consensus statement which the Iranian and Iraqi representatives have agreed to refer to their capitals. The Iranian, however, possibly as a bargaining tactic, appears to prefer an Australian compromise, which leans in his country's favor.

Iraq may be willing to postpone the council meeting for another day or two if it is satisfied that Iran is moving toward an accommodation. If not, Iraq could present a resolution along the lines of the new French statement, altered if necessary to receive enough votes to pass. Some council members are likely to be sympathetic to a resolution which appears to be neutral, but most representatives prefer a consensus statement to a formal resolution.

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WEST GERMANY - USSR: Chancellor Brandt's foreign affairs adviser and architect of Ostpolitik, Egon Bahr, arrives in Moscow today to lay the groundwork for Brandt's visit to the Soviet Union this spring. Among other things, Bahr may be prepared to discuss a low-interest, long-term West German credit package for the Soviets, in return for Soviet political concessions on the Federal Republic's relationship with West Berlin.

Issues relating to Berlin are likely to figure prominently in the talks, especially the long-debated problem of whether the Federal Republic has the authority to represent the legal interests of West Berlin and the recent difficulties that have arisen as a result of Bonn's plan to open a federal environmental office in West Berlin. Moscow recently has made strong representations to the Western allies protesting moves by the Federal Republic to strengthen its ties with the city. [REDACTED]

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JAPAN: According to press reports, Prime Minister Tanaka has formally decided not to seek ratification of the Non-Proliferation Treaty during the current Diet session. The reason cited was the government's inability to devise a safeguard system in time.

Japan had wanted to remove all potential technical objections to the treaty before it was brought up for ratification. However, administrative footdragging, including the reluctance of Science and Technology Minister Moriyama to support the treaty, has precluded the possibility of establishing the safeguard system during the session. Government sources indicate that progress may be possible after the Upper House election this summer. [REDACTED]

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GRENADA: Organized opposition to Prime Minister Eric Gairy is dwindling among groups that went on strike last month to protest Britain's grant of independence to the island under a leader whom they consider a potential dictator. The only major labor group still on strike is the Seamen and Waterfront Workers' Union, and it is under considerable public pressure to permit the entry of new supplies of essential food and fuel.

If this strike ends, the loss of public support may cause a re-evaluation of tactics by the New Jewel Movement, Gairy's most adamant opposition, which had hoped that severe disruption of the economy would bring about the quick downfall of the Prime Minister. This group, composed of middle-class students and professional persons, had suspended its terrorist actions when it saw a chance of ousting Gairy peacefully. With that hope rapidly disappearing, it may revert to violence. Police recently have reported thefts of arms and explosives, allegedly by members of this movement. [REDACTED]

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ECUADOR: Quito's new fishing law claims control over fisheries resources in a 200-mile zone along Ecuador's coastline. All fishing activity in the zone must now be expressly authorized by the National Council for Fisheries.

Foreign-flag vessels can fish in the restricted zone after paying registration and license fees, which the council will set within 90 days. Fines for violation are triple the license fee for the first offense and double with each subsequent violation. Fish aboard a ship at the time of violation are to be seized and sold by Ecuador.

Government officials are trying to establish an exclusive fishing zone for Ecuadoreans. They also aim to have majority-owned Ecuadorean firms dominate the industry. Annual catch limits will be set as a conservation measure.

Foreign companies will be allowed to participate in the industry for the next few years, while the domestic fleet is being expanded. Foreign-owned firms are to be given seven years to become Ecuadorean-controlled through various agreements with Ecuadorean nationals.

Until local firms can construct ocean-going vessels, Quito will allow Ecuadorean firms to charter foreign-flag vessels, which will be exempt for up to five years from the fees charged foreign-owned boats.

Royalty and tax payments expected during 1974 from oil companies have given the Ecuadorean Government a stronger and more independent position from which to defend its fishing claims.

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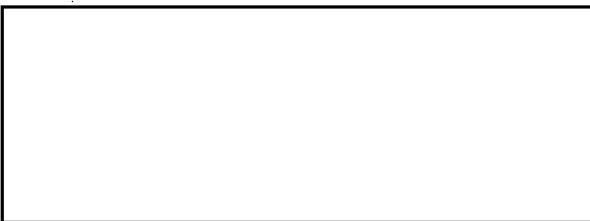
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